



November 4, 2010

Marlene Dortch, Secretary
Federal Communications Commission
445 12th Street, SW
Washington, D.C. 20554
RE: WC Docket No. 10-188

Dear Ms. Dortch:

The Small Business & Entrepreneurship Council (SBE Council) is pleased to file comments requested by the Federal Communication Commission for its *Public Notice* on current trends and additional issues regarding the business broadband marketplace.

It is our organization's ongoing belief that the marketplace for business broadband services is robust, competitive and effectively serves the needs of small businesses. For more than fifteen years, political leaders from both parties have correctly supported private-sector flexibility and innovation in this important sector, pulling back from unneeded regulation – first, because the power of the market continues to produce extraordinary outcomes for society and our economy; and second, there have been no signs of market failure with respect to competition and how consumers are being treated.

In fact, the record accumulated by the Commission over the years proves there is no problem. As SBE Council has noted in previous proceedings, market failure and consumer harm should direct the Commission's work, and neither of these are evident in the broadband marketplace.

SBE Council is a 75,000-member national, nonprofit advocacy and research organization dedicated to protecting small business and promoting entrepreneurship. Access to broadband has been a critical development for our members, as well as all U.S. entrepreneurs. The array of tools made possible through the Internet and broadband has helped countless firms grow, innovate and become more competitive in today's challenging economic climate. Private sector investment and innovation is responsible for making all of this happen for small business and consumers. As SBE Council has noted in previous proceedings, we fear government intrusion into this healthy and dynamic sector. Specifically as proposed by the SBA's Office of Advocacy and Cbeyond's¹

¹ Please note Cbeyond's status as a "small broadband provider" as the SBA's Office of Advocacy suggests. Cbeyond is a company with a robust service offering in a broad national market. Specifically, Cbeyond operates in 14 out of the 25 largest markets across the entire US. Cbeyond reported revenue of \$414M and \$350M in 2009 and 2008, respectively (18% growth rate), and they have increased revenue by 11.1% through the second quarter 2010 compared to the first six months of 2009 (\$222M compared to \$200M). As per Cbeyond's 2010 2Q report, they have more than 53,000 customers, reflecting net customer additions of 1,787, an increase of 15.3% in total customers year-over-year. Cbeyond also increased employee headcount through the 2010 2Q to 1,828 compared to 1,677 at year end 2009 (9% growth rate for 6 months). According to US Census Bureau data and Cbeyond's employment figures, Cbeyond has more employees than 99.9% of all firms in the US.

comments, “fiber unbundling” regulation would inflict great damage on this bright spot in the U.S. economy.

It is well documented that America’s small business sector remains a chief beneficiary of advanced telecommunications technologies and services. Entrepreneurs have a vested interest in an innovative, dynamic, open, competitive and healthy Internet and broadband marketplace. That is why we urge the Commission to refrain from pursuing risky, intrusive and economically damaging “fiber unbundling” rules and other regulations that would harm innovation and hurt the choices that entrepreneurs currently have in the marketplace.

Small firms and the self-employed in particular have benefitted from the growth of the business broadband market. As demand continues to grow, so does the type of services, applications and devices that are being introduced into the marketplace. The unique and growing needs of small business consumers continue to drive investment. There is no doubt that small businesses would suffer as a result of a pull back in investment, and that is certainly what SBE Council fears if the Commission advances disruptive regulation as the SBA’s Office of Advocacy suggests. Again, with no evidence of market failure or consumer harm to justify regulation, the Commission should focus on efforts that help bring broadband to more Americans and more small business owners. The current regulatory path being pursued by the Commission only undermines this important goal.

Respectfully submitted by:

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Protecting small business, promoting entrepreneurship